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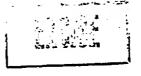
LOCATOR = TEXT ON-LINE

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TAGS= PREL, MOPS, PHUM, CH, TW, IN, IT, JA, RS

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INFO LOG-00 ACDA-10 ACDE-00 AID-00 AIT-03 CIAE-00 SMEC-00 OASY-00 DODE-00 DOEE-00 ANHR-01 SRPP-00 EB-01 EUR-01 FBIE-00 H-01 TEDE-00 INR-00 IO-00 L-01 ADS-00 M-00 NEA-01 NSAE-00 NSCE-00 OIC-02 OMB-01 PA-00 PM-00 PRS-00 P-00 SP-00 SSO-00 SS-00 STR-00 TRSE-00 USIE-00 SA-01 SNIS-00 NISC-00 PMB-00 PRM-10 PRME-01 DRL-09 G-00 /044W

O 160542Z MAR 96
FM AMEMBASSY BEIJING
TO SECSTATE WASHDC IMMEDIATE 1056
INFO AMEMBASSY ROME
AMCONSUL GUANGZHOU
AMCONSUL SHENYANG
AIT TAIPEI 0192
HUMAN RIGHTS COMMISSION COLLECTIVE
AMEMBASSY NEW DELHI
USCINCPAC HONOLULU HI
USMISSION GENEVA
AMCONSUL SHANGHAI
AMCONSUL HONG KONG
ASEAN REGIONAL FORUM COLLECTIVE
AMCONSUL CHENGDU

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PAGE 02 BEIJIN 08306 01 OF 03 160544Z

E.O. 1295B: DECL: (1.6X6)

TAGS: PREL, MOPS. PHUM, CH, TW, IN, IT, JA, RS

SUBJECT: DIPLOMATS FORESEE CONTINUING PRC MILITARY PRESSURE ON TAIWAN; NEW EXERCISES ANNOUNCED.

BUT BEIJING ALSO SENDS POSITIVE SIGNALS

REFS: A) (95) BEIJING 49354; B) BEIJING 08152

- 1. CONFIDENTIAL ENTIRE TEXT. CLASSIFIED BY SCOTT S. HALLFORD, DCM. REASON: 1.5 (B) AND (D).
- 2. SUMMARY AND COMMENT: DIPLOMATS FROM JAPAN, RUSSIA, ITALY, INDIA, AND NEW ZEALAND REASON THAT PRC LEADERS, IN DANGER OF LOSING FACE BECAUSE OF THE APPARENT FAILURE OF THEIR MILITARY EXERCISES TO INFLUENCE THE MARCH 23 TAIWAN ELECTION, MAY BE LEFT WITH NO CHOICE BUT TO MAINTAIN MILITARY PRESSURE ON TAIWAN. ONLY THE INDIAN, HOWEVER, CITED ALLEGEDLY "RELIABLE" EVIDENCE THAT CHINA WOULD UNDERTAKE NEW MILITARY EXERCISES NEAR TAIWAN SHORTLY AFTER THE TAIWAN ELECTIONS. THESE PREDICTIONS APPEAR TO HAVE ALREADY BEEN BORNE OUT IN PART BY THE MARCH 15 ANNOUNCEMENT THAT A NEW SERIES OF COMBINED GROUND, AIR, AND NAVAL EXERCISES WILL BE HELD IN THE TAIWAN STRAIT MARCH 18 TO MARCH 25.
- 3. THESE NEWLY ANNOUNCED EXERCISES, WHICH WILL EXTEND BEYOND THE TAIWAN ELECTION, ARE THEREBY A MEANS OF DOWNPLAYING THE SIGNIFICANCE OF THAT ELECTION.

 NONETHELESS, THEY ALSO SERVE AS A FURTHER EFFORT TO AFFECT THE ELECTION ATMOSPHERE. IF BEIJING WERE ENTIRELY SATISFIED WITH THE EFFECTS OF ITS MILITARY EXERCISE THUS CONFIDENTIAL

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PAGE 03 BEIJIN 08306 01 OF 03 160544Z FAR, THE NEWLY ANNOUNCED EXERCISES MIGHT HAVE BEEN CANCELLED. WE DO NOT. HOWEVER, KNOW WHETHER THE MARCH



18-25 EXERCISES WERE PART OF BEIJING'S ORIGINAL PLAN.
BEIJING COULD OF COURSE ALSO HAVE HAVE FURTHER TRICKS UP
ITS SLEEVE AFTER THE TAIWAN ELECTION. WHETHER IT USES
THEM OR NOT WILL DEPEND LARGELY ON BEIJING'S PERCEPTION
OF LEE TENG-HUI'S POST-ELECTION BEHAVIOR.

4. MEANWHILE, HOWEVER, BEIJING IS ALSO SENDING A NUMBER OF POSITIVE SIGNALS. ON MARCH 13, DEFENSE MINISTER CHI HAOTIAN, PLA GENERAL STAFF CHIEF FU QUANYOU, AND CENTRAL MILITARY COMMISSION VICE CHAIRMAN LIU HUAQING ALL MADE STATEMENTS CLEARLY DESIGNED TO REASSURE TAIWAN AND OTHERS ABOUT CHINESE MILITARY INTENTIONS, STRESSING CHINA'S CONTINUING FOCUS ON BUILDING ITS ECONOMY AND ITS NEED FOR A "PEACEFUL INTERNATIONAL ENVIRONMENT." POSITIVE SIGNALS TO THE UNITED STATES HAVE BEEN EVEN MORE EXPLICIT. WITH THE CHINESE AGREEING IN RECENT DAYS TO SEVERAL HIGH-LEVEL VISITS, CONTACTS, AND MEETINGS WHILE CONTINUING TO PUSH THE APRIL VISIT OF CHI HAOTIAN TO THE UNITED STATES. THESE SIGNALS INDICATE THAT BEIJING DOES NOT WANT ITS MILITARY EXERCISES TO DERAIL ITS EFFORTS TO IMPROVE BILATERAL RELATIONS WITH THE UNITED STATES, AND IS LOOKING BEYOND THE CURRENT PERIOD OF TENSION IN THE TAIWAN STRAIT. END SUMMARY AND COMMENT.

THE JAPANESE -- FACE PLAYS A CENTRAL ROLE

5. AT A MARCH 14 LUNCH - 6/
QUESTIONED WHETHER THE CHINESE, FACED
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BEIJIN 08306 01 OF 03 160544Z WITH THE APPARENT FAILURE OF THEIR MILITARY PRESSURE TO INFLUENCE TAIWAN VOTERS, MIGHT EXTEND THE PRESSURE BEYOND STATED THAT HE THOUGHT THE QUESTION THE ELECTION. OF FACE PLAYED A CENTRAL ROLE. THE CHINESE LEADERSHIP, HE SAID, WOULD LOOK FOOLISH IF ALL THE MILITARY PRESSURE REASONED THAT, PRODUCED A STRONGER LEE TENG-HUI. AS A RESULT, THE CHINESE LEADERSHIP APPEARED TO BE CHANGING ITS TUNE, FROM SEEKING TO INFLUENCE THE ELECTION TO DISSUADING LEE TENG-HUI FROM SEEKING INDEPENDENCE. COMMENTING THAT THE PRESENT CROSS-STRAIT SITUATION WAS A VOLATILE MIX OF "A WEAK CHINESE LEADERSHIP AND A MILITARY SAID THAT MAINTAINING MILITARY EELING ITS OATS,"

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PRESSURE TO KEEP PRESIDENT LEE IN LINE HAS AN OPEN-ENDED CHINESE STRATEGY WITHOUT TIME LIMITS. (NOTE: THE BEIJING LEADERS MAY BE POSITIONING THEMSELVES FOR A SIGNIFICANT LEE VICTORY BY ISSUING PRESS REPORTS POINTING TO CORRUPTION AND "GANGSTERISM" IN THE TAIWAN ELECTION PROCESS. END NOTE.)

THE RUSSIANS - CHINA LIKELY TO STEP UP PRESSURE

6. [PROTECT) IN A MEETING WITH

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FM AMEMBASSY BEIJING
TO SECSTATE WASHDC IMMEDIATE 1057
INFO AMEMBASSY ROME

AMCONSUL GUANGZHOU
AMCONSUL SHENYANG
AIT TAIPEI 0193
HUMAN RIGHTS COMMISSION COLLECTIVE
AMEMBASSY NEW DELHI
USCINCPAC HONGLULU HI
USMISSION GENEVA
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E.O. 1295B: DECL: (1.6X6)

TAGS: PREL, MOPS, PHUM, CH, TW, IN, IT, JA, RS

SUBJECT: DIPLOMATS FORESEE CONTINUING PRC MILITARY PRESSURE ON TAIWAN; NEW EXERCISES ANNOUNCED, BUT BEIJING ALSO SENDS POSITIVE SIGNALS

ECONOFF ON MARCH 13 AGREED THAT CHINA HAS LIKELY TO STEP UP THE INTENSITY OF MILITARY MANEUVERS AGAINST TAIWAN. HE NOTED THAT TAIWAN FINANCIAL MARKETS WERE STABILIZING AND LEE TENG-HUI'S POPULARITY HAS RISING THEREFORE, "BY CHINA'S LOGIC," THE MILITARY EXERCISES WERE NOT ACHIEVING THEIR GOAL. IN ADDITION, CHINESE MANEUVERS HAD MANAGED TO DRAW IN THE U.S. NAVY. THE RUSSIAN STATED THAT BECAUSE THE CHINESE LEADERS APPEAR TO BE LOSING FACE, THEY WILL BE COMPELLED TO ACT MORE FORCEFULLY.

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THE ITALIANS -- NO WAY OUT FOR THE CHINESE

7. IN A MARCH 14 MEETING WITH A COFICE FEE

PROTECT) SAID THAT "DEBATE HAS RAGING" WITHIN HIS EMBASSY AND THE ITALIAN FOREIGN MINISTRY ON WHETHER THE UNITED STATES HAD "GONE TOO FAR" BY SENDING AIRCRAFT CARRIERS TO THE VICINITY OF TAIWAN. HE SAID THAT GROWING SUPPORT IN TAIWAN FOR INDEPENDENCE, A RECALCITRANT LEE TENG-HUI, AND THE U.S. SHOW OF FORCE, HAD BACKED THE CHINESE LEADERS INTO A CORNER.

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- 8. NOTING THAT IT WAS OFTEN DIFFICULT TO DISCERN TO WHOM CHINESE LEADERS WERE ANSWERABLE, THE ITALIAN SAID HIS CHINESE CONTACTS HAD INDICATED THAT THE "WEAK CHINESE CIVILIAN LEADERSHIP" NOW FELT PRESSURE TO TAKE EVEN STRONGER MILITARY MEASURES. HE DECLINED TO SPECULATE ON WHAT "STRONGER" MEASURES MIGHT BE ADOPTED, BUT WAS FIRM IN HIS CONVICTION THAT FOLLOWING THE TAIWAN ELECTION BEIJING WOULD TAKE NEW MILITARY MEASURES DESIGNED TO PRESSURE TAIWAN. ONLY IF LEE TENG-HUI LOST OR WON BY A VERY SMALL MARGIN, HE SAID, WOULD THE CHINESE LEADERS BE ABLE TO DECLARE THEIR TACTICS A SUCCESS, THUS ELIMINATING THE NEED TO EMBRACE NEW MILITARY MANEUVERS.
- 9. THE ITALIAN EMBOFF ADDED THAT HE DID NOT EXPECT THE EU OR THE ITALIAN GOVERNMENT TO TAKE ANY FURTHER ACTION VIS-A-VIS CHINESE MILITARY EXERCISES. NOTING THAT PRANCE, BRITAIN, AND NORWAY HAD ISSUED INDEPENDENT STATEMENTS CRITICIZING THE CHINESE MILITARY MANEUVERS, HE OPINED THAT IT WAS "HIGHLY UNLIKELY" THAT ANY OTHER EU COUNTRY WOULD MAKE STATEMENTS. HE ALSO OBSERVED THAT SEVERAL EU COUNTRIES, WHICH HAD BEEN LEANING TOWARDS NOT ENDORSING THE UNHRC RESOLUTION ON CHINA, WERE NOW FIRMLY COMMITTED TO SUPPORTING THE RESOLUTION IN THE WAKE OF CHINA'S MILITARY EXERCISES. HE SAID THAT HE THOUGHT THE CHINESE HAD "MISCALCULATED EUROPEAN REACTION" BY ASSUMING THAT THERE WOULD BE NO CONNECTION BETWEEN THE TWO EVENTS.

THE INDIANS -- NO DOUBTS PRC WILL BEGIN NEW EXERCISES

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BEIJIN 08306 02 OF 03_160545Z PAGE 04 (STRICTLY PROTECT) TOLD 10. POLOFF ON MARCH 13 THAT CHINA WOULD COMMENCE NEW MILITARY EXERCISES NEAR TAIWAN. ON THE SAME SCALE AS THOSE CURRENTLY BEING CONDUCTED. ON MARCH 24 OR 25. ALTHOUGH HE ACKNOWLEDGED THAT THERE HAD NOT EVEN BEEN A HINT OF THIS IN PUBLIC, HE SAID THAT HIS EMBASSY HAD "RELIABLE" CHINESE CONTACTS. HE STATED THAT THE CHINESE LEADERS WERE REACTING TO THE KNOWLEDGE THAT LEE TENG-HUI WOULD WIN, AS WELL AS THE PRESSURE OF U.S. AIRCRAFT CARRIERS. THE INDIAN EMBOFF WAS TOTALLY CONVINCED OF THE ACCURACY OF THE REPORTS OF NEW CHINESE MILITARY EXERCISES, STATING THAT THE CHINESE HAD TO PROVE - TO THEMSELVES AND THE REST OF THE WORLD - THAT THEY WOULD NOT BE "INFLUENCED BY THE UNITED STATES." HE SAID THAT THE QUESTION IN HI EMBASSY WAS NOT WHAT THE CHINESE WOULD DO AFTER THE

ELECTION, BUT HOW THE UNITED STATES WOULD REACT.

11. OUR INDIAN CONTACT ALSO STATED THAT A DEBATE :4.50 TAKEN PLACE WITHIN HIS MINISTRY OF FOREIGN AFFAIRS AMONG "SENIOR OFFICIALS," AS TO WHETHER THE GOI SHOULD ISSUE A STATEMENT CONDEMNING THE U.S. DEPLOYMENT OF AIRCRAFT CARRIERS NEAR TAIWAN. HE ADDED THAT INDIAN LEADERS

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PAGE 02 BEIJIN 08306 03 OF 03 160545Z E.O. 1295B: DECL: (1.6X6) TAGS: PREL, MOPS, PHUM, CH, TW, IN, IT, JA, RS SUBJECT: DIPLOMATS FORESEE CONTINUING PRO

SUBJECT: DIPLOMATS FORESEE CONTINUING PRC MILITARY
PRESSURE ON TAIWAN; NEW EXERCISES ANNOUNCED.
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THOUGHT THE U.S. POLICY OF "STRATEGIC AMBIGUITY" MIGHT IN FACT BE "STRATEGIC CONFUSION."

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NEW ZEALAND -- HARD-LINERS TO CONTINUE MILITARY PRESSURE

12. A NEW ZEALAND EMBOFF OPINED THAT A SERIES OF EVENTS, BEGINNING WITH THE U.S. DECISION TO ISSUE LEE TENG-HUI A VISA, HAD LED TO CHINA'S CURRENT TAIWAN POLICY. HE SAID THAT FOLLOWING THE VISA ISSUANCE, PLA "HARD-LINERS" HAD BEEN PERMITTED TO GAIN THE UPPER HAND ON TAIWAN POLICY. SECONDLY, WHAT THE NEW ZEALAND EMBOFF CHARACTERIZED AS A "MISINTERPRETATION" BY THE PLA OF THE EFFECT OF MILITARY EXERCISES ON THE DECEMBER TAIWAN LEGISLATIVE YUAN ELECTIONS (REP A), HAD EMBOLDENED THE PLA LEADERS. SINCE CONFIDENTIAL

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THIS HARD-LINE GROUP COULD NOT BACK DOWN WITHOUT LOSING
FACE, HE REASONED, THEY WOULD BE COMPELLED TO CONTINUE
MILITARY PRESSURE OF AN UNDETERMINED NATURE AFTER LEE'S
EXPECTED COMFORTABLE VICTORY. SASSER

